

## **INITIAL STATEMENT OF REASONS**

### **Fee Adjustment**

#### **Section 423.00**

California legislation (SB1055, Committee on Budget and Fiscal Review, Stats. 2003, Chapter 719) enacted to add Vehicle Code section 1678 requires the Department of Motor Vehicles (the department) to annually review and adjust a variety of department fees beginning January 1, 2005. The fees are to be adjusted in an amount equal to the increase in the California Consumer Price Index for the prior year as calculated by the Department of Finance. The fee would only be increased when the calculated amount equals or is greater than \$0.50 rounded to the next highest whole dollar.

The department proposes to adopt Section 423.00 to identify the Vehicle Code sections that authorize each fee identified in Vehicle Code section 1678, the dates the fee increases are effective and the amount of each adjusted fee.

#### ***423.00 Fee Adjustment.***

Subdivision (a) identifies for the affected public the Vehicle Code section that authorizes the fee adjustment. This information provides the background information for the fee increases and is necessary for clarity of the provisions of the regulations that follow.

Subdivision (a)(1) identifies the effective date for the fee adjustment in Sections 423.00(a)(1)(A) through (E) of these regulations. As the regulation may be updated annually, it is necessary to indicate the effective date starting with the first annual adjustment of fees.

Subdivision (a)(1)(A) identifies by statute the fees that will increase to sixteen dollars (\$16). Subdivision (a)(1)(B) identifies by statute the fees that will increase to twenty dollars (\$20). Subdivision (a)(1)(C) identifies by statute the fee that will increase to twenty-one dollars (\$21). Subdivision (a)(1)(D) identifies by statute the fees that will increase to twenty-five dollars (\$25). Subdivision (a)(1)(E) identifies by statute the fees that will increase to thirty-five dollars (\$35).

A costing demonstrating the impact of the increase in the California Consumer Price Index on the calculations for each fee is included as Attachment A. There are nine (9) fees identified by statute in Vehicle Code section 1678 for which the calculated amount was less than \$0.50 and for which a fee adjustment was not made.